

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Central Services	(2) MEETING DATE 2/23/2016	(3) CONTACT/PHONE Will Clemens, Central Services Director Shauna Dragomir, County Real Property Manager (805) 781-5206	
(4) SUBJECT Request to approve a Second Amendment to Lease with Potratz Properties, LLC for an additional 818 square feet of improved office space for Social Services at 3563 Empleo Street in San Luis Obispo. District 3.			
(5) RECOMMENDED ACTION It is recommended that the Board approve the Second Amendment to Lease with Potratz Properties, LLC for an additional 818 square feet of improved office space for Social Services at 3563 Empleo Street in San Luis Obispo.			
(6) FUNDING SOURCE(S) Fund Center 180 - DSS Administration	(7) CURRENT YEAR FINANCIAL IMPACT \$13,197.00	(8) ANNUAL FINANCIAL IMPACT \$79,182.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>4/22/2014 (Item #13), 12/04/2012 (Item #6), 10/16/2012 (Item #9)</u>	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 3			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Central Services / Will Clemens, Central Services Director
Shauna Dragomir, County Real Property Manager
(805) 781-5206

DATE: 2/23/2016

SUBJECT: Request to approve a Second Amendment to Lease with Potratz Properties, LLC for an additional 818 square feet of improved office space for Social Services at 3563 Empleo Street in San Luis Obispo. District 3.

RECOMMENDATION

It is recommended that the Board approve the Second Amendment to Lease with Potratz Properties, LLC for an additional 818 square feet of improved office space for Social Services at 3563 Empleo Street in San Luis Obispo.

DISCUSSION

On October 16, 2012, the Board approved a fifteen (15) year lease ("Lease") with Potratz Properties, LLC located at 3563 Empleo Street in San Luis Obispo ("Premises") for the Department of Social Services ("DSS"). This lease allowed DSS to consolidate four (4) leased locations into one (1) facility, improving staff efficiencies and productivity by eliminating travel time between locations. The original Lease consisted of 15,121 square feet of improved office space and 1,790 square feet of warehouse space. The warehouse space is utilized by DSS as a mass case storage facility. The Lease provides DSS the first right to expand into additional space at the Premises by Landlord providing the County with ninety (90) days' notice prior to the additional space becoming available.

On April 22, 2014 the Board approved a First Amendment to Lease which added 3,161 square feet of improved office space to the Lease effective May 1, 2014, for a total of 18,282 square feet of office space. The County accepted its pro-rata share of utility costs and also gained 12 additional parking spaces.

DSS has been expanding as a result of the Affordable Care Act and desires to lease an additional 818 square feet of office space at the Premises. Approval of the Second Amendment to Lease would add 818 square feet of additional office space to the existing Lease effective March 1, 2016. The Second Amendment to Lease will provide needed additional office space to an existing DSS leased facility, for a total of 19,100 square feet of office area.

The County also leases 1,790 square feet of warehouse space at the Premises. Approval of the Second Amendment to Lease would result in the County occupying the entire Premises. The Second Amendment to Lease also updates standard County terms regarding the Americans with Disabilities Act.

There is no change to the Lease Term as a result of the Second Amendment to Lease. The Lease is due to expire on November 30, 2027.

OTHER AGENCY INVOLVEMENT/IMPACT

The Department of Social Services reviewed and approved the terms of the Second Amendment to Lease. County

Counsel has reviewed and approved the Second Amendment to Lease for form and legal effect.

FINANCIAL CONSIDERATIONS

This Second Amendment to Lease will increase the month monthly office space rental rate from \$18,900.00 to \$25,498.50, a difference of \$6,598.50 per month and a difference of \$79,182.00 annually. The additional rental rate is included in DSS' current FY2015-16 adopted budget for Fund Center 180 - DSS Administration. This item will have no impact on the DSS' adopted level of General Fund support.

The current monthly rental for the 1,790 square feet of warehouse space will remain at \$1,419.22 (\$17,030.64 annually).

Rental rates for the office and warehouse space are subject to an annual Consumer Price Index increase (CPI) for Urban Wage Earners and Clerical Works, Los Angeles – Anaheim – Riverside, with a maximum increase cap of four percent (4%) for the office space and a maximum increase cap of two percent (2%) for the warehouse space annually in December.

Potratz Properties, LLC is responsible for payment of all utilities furnished to the Premises, including common area utilities, fire prevention, in addition to taxes and insurance. The County is responsible for the cost of its prorata share of utilities used, in addition to janitorial service, data and telephone service.

RESULTS

Approval of the Second Amendment to the Lease between the County of San Luis Obispo and Potratz Properties, LLC will continue to allow the Department of Social Services to operate its programs and expand its operations at an existing leased facility in San Luis Obispo, to meet the growing community needs under the Affordable Healthcare Act. Moreover, approval of the Second Amendment to Lease contributes to the community-wide goal of a "Healthy Community" by providing office space to support public access to social services.

ATTACHMENTS

1. Location Map
2. Second Amendment to Lease